

ENGINEERING SERVICES AGREEMENT

THIS AGREEMENT, effective as of June 25, 1980 by and between The Anaconda Company Aluminum Division, having a plant at Columbia Falls, Montana, hereinafter called ANACONDA, and Thomas, Dean & Hoskins, Inc., having offices at Kalispell and Great Falls, Montana, hereinafter called ENGINEER.

W I T N E S S E T H:

WHEREAS, ANACONDA desires to engage ENGINEER to perform certain engineering design services in support of ANACONDA's plant engineering staff and

WHEREAS, ENGINEER is willing to perform such services pursuant to the terms and conditions hereinafter set forth:

NOW THEREFORE, in consideration of the covenants and conditions herein contained, the parties agree as follows:

ARTICLE 1 - SCOPE OF WORK

1.01 ENGINEER shall furnish engineering and related services as "SERVICES") as may be required by ANACONDA from time to time for the preparation of studies, investigations, calculations, plans, drawings, specifications, cost estimates, and other related services normally and customarily provided by the ENGINEER. SERVICES will be provided to accomplish individual assignments issued by ANACONDA.

- 1.02 ANACONDA shall have the right to have one or more representatives, located in ENGINEER's offices, or such other place where SERVICES are being performed. ANACONDA will follow the progress of all work and review and approve said SERVICES.
- 1.03 ANACONDA's Contract Administrator shall authorize and ANACONDA's Technical Coordinator(s) shall guide the SERVICES rendered by ENGINEER under this AGREEMENT. They shall inform ENGINEER promptly of any methods or procedures which do not meet ANACONDA's approval.

ARTICLE 2 - COMPENSATION

- 2.01 SERVICES - In full and complete compensation for all SERVICES performed hereunder, ANACONDA agrees to pay, or cause to be paid, the amount specified for payment in accordance with ENGINEER's Schedule of Hourly Charges for Various Personnel Classification, a copy of which is attached hereto as ATTACHMENT I and by reference made a part hereof. The charges set forth in ATTACHMENT I shall remain fixed through January 1, 1981, and thereafter may be changed by mutual agreement in the event ENGINEER revises its standard hourly rate schedule of charges.
- 2.02 ANACONDA shall also reimburse ENGINEER for authorized costs of transportation, food, lodging, and subsistence while away from the ENGINEER's office for ENGINEER's employees

making job-related visits or assigned to ANACONDA's office. If such period of assignment is more than two work weeks, ENGINEER shall negotiate a subsistence rate. All such reimbursable costs shall have ANACONDA's approval. Reimbursable costs shall consist of only those costs incurred subsequent to the effective date of this AGREEMENT.

- 2.03 Trips should be scheduled and authorized in advance. Reimbursable costs hereunder shall be subject to ANACONDA's rules and limitations for expense account reporting for salaried employees.

ARTICLE 3 - INVOICING AND PAYMENT

- 3.01 At the beginning of each calendar month, or at a fixed date each month as may be agreed by ENGINEER and ANACONDA, ENGINEER shall submit an invoice detailing fees and other reimbursable costs incurred by ENGINEER in accordance with ARTICLE 2 - COMPENSATION.
- 3.02 Supporting information shall be included with each invoice.
- 3.03 Invoices and supporting documents shall be submitted to ANACONDA in accordance with its instructions. ANACONDA will pay ENGINEER the amount approved for payment within thirty (30) calendar days after receipt of invoices. If payment is not received within thirty (30) days, interest shall be paid at the rate of 1.5 percent per month on the unpaid balance.

ARTICLE 4 - CRITERIA, STANDARDS, RULES, AND REGULATIONS

4.01 ANACONDA will provide ENGINEER with information regarding the requirements of special governmental regulations or work rules regarding the plant. The ENGINEER shall use the design criteria that best conforms to the current government regulations whether they be federal, state, local or other government's.

4.02 All designs issued for construction by ENGINEER shall bear the signature of an engineer licensed to do business in the State of Montana.

ARTICLE 5 - CONFIDENTIAL INFORMATION

ENGINEER will not disclose confidential information provided by ANACONDA.

ARTICLE 6 - ANACONDA'S RESPONSIBILITIES

ANACONDA shall:

6.01 Provide full information as to his requirements for the Project.

6.02 Assist ENGINEER by placing at his disposal all available information pertinent to the Project including previous reports and any other data relative to design and construction of the Project.

- 6.03 Furnish to ENGINEER, as required by him for performance of his SERVICES, data prepared by or services of others, such as core borings, probings, and subsurface explorations, hydrographic surveys, laboratory tests and inspections of samples, materials and equipment; appropriate professional interpretations of all of the foregoing; property, boundary, easement, right-of-way, topographic and utility surveys and property descriptions; zoning and deed restriction; and other special data or consultations; all of which ENGINEER may rely upon in performing his services.
- 6.04 Guarantee access to and make all provisions for the ENGINEER to enter upon public and private property as required for the ENGINEER to perform his services under this AGREEMENT.
- 6.05 Designate in writing a person to act as ANACONDA's representative with respect to the work to be performed under this AGREEMENT; and such person shall have complete authority to transmit instructions, receive information, interpret and define ANACONDA's policies and decisions with respect to materials, equipment, elements and systems pertinent to the services covered by this AGREEMENT.
- 6.06 Furnish approvals and permits from all governmental authorities having jurisdiction over the Project and such approvals and consents from others as may be necessary for completion of the Projects.

- 6.07 Examine all studies, reports, sketches, estimates, specifications, drawings, proposals and other documents presented by the ENGINEER and render in writing decisions pertaining thereto within a reasonable time so as not to delay the services of the ENGINEER.
- 6.08 Pay for all costs incident to obtaining bids or proposals from Contractors, prepare the Contract with the successful bidder, and issue the Notice to Proceed with construction.
- 6.09 Give prompt written notice to the ENGINEER whenever ANACONDA observes or otherwise becomes aware of any defect in the Project.
- 6.10 Provide such legal, accounting and insurance services as may be required for the Project, and such auditing service as ANACONDA may require.
- 6.11 Furnish, or direct the ENGINEER to provide, necessary additional services or other services as required.
- 6.12 Bear all costs incident to compliance with the requirements of ARTICLE 6.

ARTICLE 7 - INDEPENDENT CONTRACTOR

For the purpose of this AGREEMENT and all services to be provided hereunder, ENGINEER shall be, and shall be deemed to be an independent contractor and not the agent or employee of ANACONDA.

ENGINEER shall have no authority to make any statements, representations, or commitments of any kind, or to take any action, which shall be binding to ANACONDA, except as authorized in writing by ANACONDA.

ARTICLE 8 - INSURANCE

8.01 Commencing with the performance of SERVICES hereunder, and continuing until SERVICES have been completely performed, ENGINEER at its own expense shall maintain standard insurance policies as follows:

- A. Workmen's Compensation Insurance or similar statutory Social Insurance in accordance with the statutory requirements of the state, province, or county having jurisdiction over ENGINEER's employees who are engaged in SERVICES with EMPLOYER's Liability in the amount of \$100,000 for each accident.
- B. Comprehensive General Bodily Injury and Property Damage Liability, including Automobile (owned, non-owned, or hired), Contractual, and Contractor's Protective Liability. This insurance shall cover bodily injury to or death of person and/or loss of or damage to property of parties including that of ANACONDA. Such insurance shall be provided in a Combined Single Limit of \$300,000 for any one accident.

8.02 Except to the extent that ENGINEER is covered by insurance as sepcified in this paragraph, ENGINEER shall not be liable for any consequential or indirect damages such as loss of use, loss of product, or loss of profit.

ARTICLE 9 - TERM OF AGREEMENT AND TERMINATION

9.01 This AGREEMENT will be effective as of the date first hereinabove written, in full force and effect until December 31, 1980, unless extended or until terminated as provided under paragraphs 9.02 and 9.03.

9.02 At ANACONDA's option, this AGREEMENT may be extended after December 31, 1980, in one-year increments. For each such year period of extension, ENGINEER and ANACONDA shall mutually agree on appropriate revisions to ATTACHMENT I of ARTICLE 2 - COMPENSATION on the basis that such revisions reflect changes in ENGINEER's net costs for the periods of extension. For this purpose, ENGINEER shall provide ANACONDA with sufficient information to establish the reasonableness of such revisions.

9.03 ANACONDA may upon fifteen (15) days prior written notice terminate this AGREEMENT. In the event of any such termination, ENGINEER shall be compensated for COSTS expended and FEE earned up to termination in accordance with the provisions of ARTICLE 2 - COMPENSATION. In no event shall such compensation include anticipated profits for unperformed SERVICES.

ARTICLE 10 - PARTIES BOUND: ASSIGNMENT

This AGREEMENT shall be assignable by ANACONDA to any of its affiliates, but shall not otherwise be assignable by either party without the prior written consent of the other party. Any and all assignments of this AGREEMENT or of any interests therein not made in accordance with this ARTICLE 10 shall be void. No portions of SERVICES to be performed under this AGREEMENT shall be subcontracted by ENGINEER without prior written approval of ANACONDA.

ARTICLE 11 - ENGINEER'S RESPONSIBILITY

11.01 All designs, plans, drawings, and specifications (and all changes thereto) prepared by the ENGINEER will conform to standard accepted professional engineering practices and procedures. If within one (1) year from the date of acceptance of the items designed a defect is discovered in any design, plan, drawing, or specification prepared by or for ENGINEER, ENGINEER at the request of ANACONDA will perform or cause to be performed such SERVICES and advise and assist ANACONDA with respect to the procurement of such materials, equipment, labor and other services as are necessary to remedy such defect; provided that ANACONDA shall have advised ENGINEER of the existence of such defect by written notice delivered to ENGINEER within fifteen (15)

months after acceptance of the items designed. The costs of such repairs or replacement shall be borne by ANACONDA, but such Services shall be without cost to ANACONDA.

11.02 ENGINEER shall advise and assist ANACONDA in obtaining from contractors or suppliers providing equipment, materials and services, normal warranties and guarantees as to design, materials, and workmanship and as to performance and patent indemnification, and, when requested by ANACONDA, extended warranties and guarantees as to material and workmanship. ENGINEER shall assist ANACONDA in securing the fulfillment of such warranties.

11.03 ENGINEER shall, until one (1) year after completion of construction of the items designed, use its best efforts to assist ANACONDA in achieving, under substantially continuous operation and under the conditions and within the parameters and requirements set forth in the specifications, capacity operation of the items designed. However, ENGINEER gives no warranty with respect to the production capacity of operating result of the items designed.

11.04 Acceptance or partial acceptance by ANACONDA of the items designed or any portion thereof shall not constitute a waiver or release of the ENGINEER from its responsibility in accordance with the terms of this AGREEMENT.

IN WITNESS WHEREOF, the parties hereto have caused this AGREEMENT to be executed by their duly authorized representatives, effective as of the date first hereinabove written.

THOMAS, DEAN & HOSKINS, INC.

BY: Douglas E. Daniels
Doug Daniels

TITLE: Vice-President

ATTEST: Wayne W. Dean
Wayne W. Dean

TITLE: Secretary-Treasurer

SEAL: _____

THE ANACONDA COMPANY

BY: R. A. Hedrick

TITLE: Manager, Reduction Operations

ATTEST: B. Miller

TITLE: NOTARY PUBLIC for the State of Montana
Residing at Columbia Falls, Montana
My Commission expires 5-1-82

SEAL: _____

ATTACHMENT I
THOMAS, DEAN & HOSKINS, INC., RATES EFFECTIVE

January 1, 1980

	<u>Per Hour</u>
3-man Survey Crew, complete with equipment	\$51.50
2-man Survey Crew, complete with equipment	\$38.00
Principal (WWD-THT)	\$46.00
Principal (JAC-DED)	\$36.00
Engineer (structural or other)	\$32.50
Engineering technician	\$25.00
Structural draftsman	\$21.00
Draftsman	\$19.00
Clerical	\$12.00

All rates plus mileage @ \$0.25 and out-of-pocket expense

Equipment Rental Charges

HP Distance Meter & Theodolite	monthly rate	\$695
	weekly rate	\$235
	daily rate	\$ 55
	hourly rate	\$ 8 (min. \$35)
HP Computer-calculator (Great Falls)	monthly rate	\$1800
	weekly rate	\$610
	daily rate	\$140
	hourly rate	\$ 21
	1/2 hr.	\$ 17.50
	up to 1/2 hr.	\$ 0.75 min.
HP 9815-A - Bozeman	monthly rate	\$890
	weekly rate	\$300
	daily rate	\$ 65
	hourly rate	\$ 10 (minimum)
Nuclear density machine	monthly rate	\$750
	weekly rate	\$250
	daily rate	\$ 55
	hourly rate	\$ 8.50 (minimum)

ATTACHMENT II

The following is a brief outline description of the study to be prepared for evaluating the sewage treatment facilities at Columbia Falls Reduction Plant of the Anaconda Aluminum Division.

Proposed Scope of Study for Sewage Treatment

- I. Treatment and Disposal Requirement as Required
 - a. Environmental Protection Agency
 - b. State Department of Health and Environmental Sciences
- II. Estimate Sewage Flow and Characteristics
 - a. Existing and future flows.
 - b. Existing and future employees population.
 - c. Existing and future employee shift loading.
 - d. Existing and future B.O.D. and suspended solids loading.
- III. Evaluation of Existing Treatment Units
 - a. Capacity of existing treatment units.
 - b. Efficiency of unit for treating existing flows and projected efficiency for future loading.
 - c. Evaluate present operation procedures and recommend alternate methods of operation for present and future loading.
- IV. Evaluate Existing and Future Effluent and Sludge Disposal Requirements
 - a. Methods of land disposal for effluent:
 - 1. Percolation (present method).
 - 2. Spray irrigation.
 - b. Methods of disposal of sludge:
 - 1. Landfill.
 - 2. Irrigation.
 - 3. Injection.

ATTACHMENT II continued

V. Proposed Alternates for Sewage Treatment and Disposal

- a. Description of alternates.
- b. Advantages and disadvantages of alternates.
- c. Cost estimates for construction and operation of alternates.

VI. Summary and Recommendations

The estimated fee for this study is \$13,500.00.

ATTACHMENT III

ANACONDA ALUMINUM COMPANY

The following is a brief outline description of the study to be prepared for evaluating a heat recovery system at the Columbia Falls Reduction Plant.

Scope of Services - Heat Recovery System Study

- I. Determine the present plant heat loss through the existing stacks. Flow rates, flue gas stack inlet temperatures, and flue gas chemical analysis will be provided by ACM.
- II. Examine the present plant water system to determine an optimum water source for an economizer.
- III. Perform a heat balance to optimize an economizer design to maximize heat recovery from the existing system.
- IV. Determine the optimum plant location for the waste heat recovered to be utilized.
- V. Perform an economic evaluation to see if an economizer heat recovery system is feasible.
- VI. Summarize our findings in a report to ACM.
- VII. Anticipated fee - \$6,800.00.